



PRESS RELEASE

United States Secret Service
Department of Homeland Security

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SECRET SERVICE PARTICIPATES IN LARGEST NATIONWIDE U.S. HEALTH CARE INVESTIGATION, \$1.7 BILLION IN LOSSES

SAVANNAH, Ga. – The United States Secret Service Savannah Resident Office announced its partnership with the U.S. Department of Health and Human Services Office of the Inspector General (HHS-OIG), the Department of Justice (DOJ), Federal Bureau of Investigations (FBI), members of the Medicare Fraud Strike Force (MFSF) and other federal law enforcement agencies in investigating one of the largest health care fraud schemes in U.S. history. The investigations during this sweep involved more than 24 defendants, five of which own telemedicine companies, dozens of owners that operate durable medical equipment (DME) companies and several medical professionals for their alleged involvement in a health care fraud scheme relating to more than \$1.2 billion in loss. The Center for Medicare Services, Center for Program Integrity (CMS/CPI) announced administrative action against 130 DME companies that submitted over \$1.7 billion in claims and were paid over \$900 million.

“Cases of this magnitude can only be tackled using a strategy that recognizes that the most effective way to fight these large criminal networks is by combining the strengths, resources, and expertise of our federal agencies,” said Glen M. Kessler, Resident Agent in Charge of the Savannah Resident Office. “For those telemedicine companies, medical professionals, and criminal organizers that are continuing to exploit America’s healthcare system, we will continue working with our law enforcement partners to prosecute those who put greed before the welfare of our citizens.”

According to court documents, potential victims were identified by either an international call center, a radio address and or a televised commercial targeting Medicare beneficiaries to accept “free or low priced” DME braces, regardless if medically required. The call center allegedly made illegal kickbacks (payments) or bribes to the telemedicine companies in order to obtain DME orders for the Medicare beneficiaries. The telemedicine company then allegedly paid the physicians to write unnecessary medical DME orders. The international call centers sold the DME orders obtained from the telemedicine companies to DME companies, which then fraudulently billed Medicare.

A “brace scam” is a term used to describe a form of exploitation where scammers are contacting Medicare beneficiaries to offer “free or low cost” orthotic unnecessary equipment using beneficiaries information. Typically, the beneficiary begins to receive multiple braces and Medicare is then billed for each brace. This type of fraud could cause Medicare to deny a brace that the beneficiary truly needs in the future.

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The Secret Service's health care fraud investigation began early in 2018. As the investigation developed, through numerous suspect and victim interviews, Special Agents with the Secret Service and HHS identified that their investigation bridged into an extensive nationwide investigation.

As the lead agency responsible for investigating and protecting the United States Governments' financial infrastructure, the Secret Service in agreement with their partners, began identifying and serving seizure warrants on the defendant's financial assets. To date, the Secret Service tracked and documented over \$11 million in illegally obtained health care funds.

During the course of this investigation, federal law enforcement authorities have executed over 80 search warrants in 17 federal districts.

This is a joint investigation by the Secret Service, HHS-OIG, FBI, MFSF, U.S. Attorney's Offices nationwide, Internal Revenue Service Criminal Investigations (IRS-CI) and other federal law enforcement agencies.

A complaint, information or indictment is an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Individuals believing that they may be victims of Medicare fraud or the "brace scam" can learn more information at: oig.hhs.gov/fraud/consumer-alerts/alerts/bracescam.asp or report fraud to 1-800-HHS-TIPS (oig.hhs.gov/fraud/hotline)

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